

# **CUSTOMS BULLETIN AND DECISIONS**

**Weekly Compilation of**

**Decisions, Rulings, Regulations, Notices, and Abstracts**

**Concerning Customs and Related Matters of the**

**U.S. Customs Service**

**U.S. Court of Appeals for the Federal Circuit**

**and**

**U.S. Court of International Trade**

**VOL. 30**

**OCTOBER 16, 1996**

**NO. 42**

*This issue contains:*

U.S. Customs Service

T.D. 96-68 **CORRECTIONS**

T.D. 96-70

General Notices

Proposed Rulemaking

## **NOTICE**

The decisions, rulings, regulations, notices and abstracts which are published in the CUSTOMS BULLETIN are subject to correction for typographical or other printing errors. Users may notify the U.S. Customs Service, Office of Finance, Logistics Division, National Support Services Staff, Washington, DC 20229, of any such errors in order that corrections may be made before the bound volumes are published.

**Please visit the U.S. Customs Web at:**  
**<http://www.customs.ustreas.gov>**

# U.S. Customs Service

## *Treasury Decisions*

19 CFR Part 101

(T.D. 96-68)

CUSTOMS SERVICE FIELD ORGANIZATION—CORPUS CHRISTI, FREEPORT AND PORT LAVACA-POINT COMFORT, TEXAS AS PORTS OF ENTRY

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final rule; technical correction.

SUMMARY: This document corrects an error in the Customs Regulations regarding the listing of ports of entry in the State of Texas as the listing does not reflect the proper status of Corpus Christi, Freeport and Port Lavaca-Point Comfort as separate ports of entry. This technical correction has no operational impact, since all three of these locations have consistently operated as separate ports of entry, notwithstanding the technical error in the Customs Regulations.

EFFECTIVE DATE: October 2, 1996.

FOR FURTHER INFORMATION CONTACT: Harry Denning, Office of Field Operations, Resource Management Division (202) 927-0196.

### SUPPLEMENTARY INFORMATION:

#### BACKGROUND

It has come to the attention of the Customs Service that the listing of the ports of entry in the State of Texas in § 101.3, Customs Regulations (19 CFR 101.3) does not reflect the proper status of Corpus Christi, Freeport and Port Lavaca-Point Comfort as separate ports of entry.

When Customs amended its regulations in T.D. 95-77, published in the Federal Register (60 FR 50008) on September 27, 1995, to reflect Customs new organizational structure, the listing of Customs ports of entry in § 101.3 was redrafted, for ease of reference, to list the ports of entry by State. Previously, the listing of ports was organized by districts and regions. Districts and regions were eliminated in Customs new organizational structure set forth in T.D. 95-77.

Despite the fact that the port description of the Houston-Galveston consolidated port in T.D. 95-77 merely reiterated a previously published description of the port (with minor editorial changes), the new method of listing the ports of entry in § 101.3 set forth in T.D. 95-77 first brought to the attention of certain readers of the Customs Regulations

that Corpus Christi, Freeport and Port Lavaca-Point Comfort, Texas, were not listed as separate ports of entry, but were included within the consolidated port of entry of Houston-Galveston. Corpus Christi, Freeport and Port Lavaca-Point Comfort have consistently operated as separate ports, with separate port codes.

Research reveals that the incorrect description of the Houston-Galveston port stems from an earlier punctuation error—periods were inadvertently converted to commas—in the regulations by T.D. 83-209, published in the Federal Register (48 FR 45538) on October 6, 1983. This typographical error has been carried forward in each volume of the regulations since that date. T.D. 83-209, the purpose of which was to reflect a 1983 reorganization of Customs field organization, was intended to have no effect on services provided by Customs. However, because of the punctuation errors, Corpus Christi, Freeport and Port Lavaca-Point Comfort appeared as part of the description of the Houston-Galveston port of entry rather than as separate port of entry listings under the Houston-Galveston district.

Further research reveals that this listing was in error because when the districts and ports of Galveston and Houston were consolidated in 1981 pursuant to T.D. 81-160, the port limits of the consolidated port of entry of Houston and Galveston were set forth to encompass Galveston, including Port Bolivar and Texas City, Texas, and the area within the present Houston, Texas limits including territory described in T.D. 54409. Corpus Christi, Freeport and Port Lavaca-Point Comfort were listed as separate ports of entry in the Houston-Galveston consolidated district in T.D. 81-160. It is noted that the port limits of the consolidated port of Houston-Galveston were later amended by T.D. 82-15, but that change also did not affect Corpus Christi, Freeport or Port Lavaca-Point Comfort.

In accordance with the above discussion, in this document, Customs is correcting the listing of the ports of entry in the State of Texas in § 101.3 of the Customs Regulations to accurately reflect that Corpus Christi, Freeport and Port Lavaca-Point Comfort, which have consistently operated as separate ports of entry with separate port codes, are indeed separate ports of entry, outside the Houston-Galveston consolidated port of entry.

**REGULATORY FLEXIBILITY ACT, EXECUTIVE ORDER 12866, INAPPLICABILITY OF PUBLIC NOTICE AND COMMENT REQUIREMENTS, AND DELAYED EFFECTIVE DATE REQUIREMENTS**

Inasmuch as this document relates to agency management, merely corrects a typographical error and has no operational impact, it is not subject to the notice and public procedure requirements or the delayed effective date requirements of 5 U.S.C. 553. Because the document relates to agency management and organization and is not subject to notice and public comment, the document is not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 or 604. Agency organization matters such as this are exempt from Executive Order 12866.

## LIST OF SUBJECTS IN PART 101

Customs duties and inspection, Harbors, Organization and functions (Government agencies), Seals and insignia, Vessels.

## AMENDMENTS TO THE REGULATIONS

For the reasons set forth in the preamble, part 101 of the Customs Regulations (19 CFR part 101) is amended as set forth below:

## PART 101—GENERAL PROVISIONS

1. The general authority citation for part 101 and the relevant specific authority citation continue to read as follows:

**Authority:** 5 U.S.C. 301; 19 U.S.C. 2, 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1623, 1624.

Sections 101.3 and 101.4 also issued under 19 U.S.C. 1 and 58b;

\* \* \* \* \*

2. In the table under § 101.3(b)(1), the listings for the State of Texas are amended by revising the entry for Houston-Galveston and adding in appropriate alphabetical order entries for Corpus Christi, Freeport, and Port Lavaca-Point Comfort to read as follows:

**§ 101.3 Customs service ports and ports of entry.**

(b) *List of Ports of Entry and Service Ports.* \* \* \*

(1) *Customs ports of entry.* \* \* \*

| Ports of Entry                  | Limits of Port |   |   |   |   |   |   |   |
|---------------------------------|----------------|---|---|---|---|---|---|---|
| *                               | *              | * | * | * | *   | * | * | * |
| <b>Texas</b>                    |                |   |   |   |   |   |   |   |
| *                               | *              | * | * | * | *   | * | * | * |
| Corpus Christi .....            |                |   |   |   | E.O. 8288, Nov. 22, 1939 (4 FR 4691), and territory described in T.D. 78-130.   |   |   |   |
| *                               | *              | * | * | * | *   | * | * | * |
| Freeport .....                  |                |   |   |   | E.O. 7632, June 15, 1937 (2 FR 1245).   |   |   |   |
| *                               | *              | * | * | * | *   | * | * | * |
| +Houston-Galveston .....        |                |   |   |   | Consolidated port includes territory lying within corporate limits of both Houston and Galveston, and remaining territory in Harris and Galveston Counties, T.D.s 81-160 and 82-15. |   |   |   |
| *                               | *              | * | * | * |   |   |   |   |
| Port Lavaca—Point Comfort ..... |                |   |   |   | T.D. 56115  |   |   |   |
| *                               | *              | * | * | * |   |   |   |   |

GEORGE J. WEISE,  
Commissioner of Customs.

Approved: September 4, 1996.

JOHN P. SIMPSON,

Deputy Assistant Secretary of the Treasury

[Published in the Federal Register, October 2, 1996 (61 FR 51363)]

(T.D. 96-70)

## FOREIGN CURRENCIES

DAILY RATES FOR COUNTRIES  
NOT ON QUARTERLY LIST FOR SEPTEMBER 1996

The Federal Reserve Bank of New York, pursuant to 31 U.S.C. 5151, has certified buying rates for the dates and foreign currencies shown below. The rates of exchange, based on these buying rates, are published for the information and use of Customs officers and others concerned pursuant to Part 159, Subpart C, Customs Regulations (19 CFR 159, Subpart C).

Holiday: September 2, 1996.

## Greece drachma:

|                          |            |
|--------------------------|------------|
| September 1, 1996 .....  | \$0.004228 |
| September 2, 1996 .....  | .004228    |
| September 3, 1996 .....  | .004221    |
| September 4, 1996 .....  | .004224    |
| September 5, 1996 .....  | .004211    |
| September 6, 1996 .....  | .004199    |
| September 7, 1996 .....  | .004199    |
| September 8, 1996 .....  | .004199    |
| September 9, 1996 .....  | .004197    |
| September 10, 1996 ..... | .004167    |
| September 11, 1996 ..... | .004165    |
| September 12, 1996 ..... | .004148    |
| September 13, 1996 ..... | .004149    |
| September 14, 1996 ..... | .004149    |
| September 15, 1996 ..... | .004149    |
| September 16, 1996 ..... | .004156    |
| September 17, 1996 ..... | .004146    |
| September 18, 1996 ..... | .004161    |
| September 19, 1996 ..... | .004148    |
| September 20, 1996 ..... | .004158    |
| September 21, 1996 ..... | .004158    |
| September 22, 1996 ..... | .004158    |
| September 23, 1996 ..... | .004181    |
| September 24, 1996 ..... | .004179    |
| September 25, 1996 ..... | .004191    |
| September 26, 1996 ..... | .004160    |
| September 27, 1996 ..... | .004147    |
| September 28, 1996 ..... | .004147    |
| September 29, 1996 ..... | .004147    |
| September 30, 1996 ..... | .004144    |

## South Korea won:

|                         |            |
|-------------------------|------------|
| September 1, 1996 ..... | \$0.001221 |
| September 2, 1996 ..... | .001221    |
| September 3, 1996 ..... | .001221    |
| September 4, 1996 ..... | .001221    |
| September 5, 1996 ..... | .001222    |
| September 6, 1996 ..... | .001221    |
| September 7, 1996 ..... | .001221    |

**FOREIGN CURRENCIES—Daily rates for countries not on quarterly list for September 1996 (continued):**

South Korea won (continued):

|                          |            |
|--------------------------|------------|
| September 8, 1996 .....  | \$0.001221 |
| September 9, 1996 .....  | .001220    |
| September 10, 1996 ..... | .001215    |
| September 11, 1996 ..... | .001217    |
| September 12, 1996 ..... | .001215    |
| September 13, 1996 ..... | .001218    |
| September 14, 1996 ..... | .001218    |
| September 15, 1996 ..... | .001218    |
| September 16, 1996 ..... | .001206    |
| September 17, 1996 ..... | .001206    |
| September 18, 1996 ..... | .001207    |
| September 19, 1996 ..... | .001213    |
| September 20, 1996 ..... | .001219    |
| September 21, 1996 ..... | .001219    |
| September 22, 1996 ..... | .001219    |
| September 23, 1996 ..... | .001218    |
| September 24, 1996 ..... | .001217    |
| September 25, 1996 ..... | .001217    |
| September 26, 1996 ..... | .001217    |
| September 27, 1996 ..... | .001217    |
| September 28, 1996 ..... | .001217    |
| September 29, 1996 ..... | .001217    |
| September 30, 1996 ..... | .001210    |

Taiwan N.T. dollar:

|                          |            |
|--------------------------|------------|
| September 1, 1996 .....  | \$0.036403 |
| September 2, 1996 .....  | .036403    |
| September 3, 1996 .....  | .036337    |
| September 4, 1996 .....  | .036364    |
| September 5, 1996 .....  | .036364    |
| September 6, 1996 .....  | .036364    |
| September 7, 1996 .....  | .036364    |
| September 8, 1996 .....  | .036364    |
| September 9, 1996 .....  | .036377    |
| September 10, 1996 ..... | .036364    |
| September 11, 1996 ..... | .036364    |
| September 12, 1996 ..... | .036364    |
| September 13, 1996 ..... | .036364    |
| September 14, 1996 ..... | .036364    |
| September 15, 1996 ..... | .036364    |
| September 16, 1996 ..... | .036364    |
| September 17, 1996 ..... | .036350    |
| September 18, 1996 ..... | .036364    |
| September 19, 1996 ..... | .036350    |
| September 20, 1996 ..... | .036350    |
| September 21, 1996 ..... | .036350    |
| September 22, 1996 ..... | .036350    |
| September 23, 1996 ..... | .036350    |
| September 24, 1996 ..... | .036364    |
| September 25, 1996 ..... | .036390    |
| September 26, 1996 ..... | .036377    |
| September 27, 1996 ..... | .036377    |

**FOREIGN CURRENCIES—Daily rates for countries not on quarterly list for September 1996 (continued):**

Taiwan N.T. dollar (continued):

|                          |            |
|--------------------------|------------|
| September 28, 1996 ..... | \$0.036377 |
| September 29, 1996 ..... | .036377    |
| September 30, 1996 ..... | .036377    |

Dated: October 1, 1996.

FRANK CANTONE,  
*Chief,*  
*Customs Information Exchange.*

(NOTE: There were no variances from the quarterly rate for September 1996.)

(T.D. 96-72)

**FOREIGN CURRENCIES**

**QUARTERLY RATES OF EXCHANGE:  
OCTOBER 1, 1996 THROUGH DECEMBER 31, 1996**

The table below lists rates of exchange, in United States dollars for certain foreign currencies, which are based upon rates certified to the Secretary of the Treasury by the Federal Reserve of New York under provisions of 31 U.S.C. 5151, for the information and use of Customs officers and others concerned pursuant to Part 159, Subpart C, Customs Regulations (19 CFR 159, Subpart C).

| Country           | Name of currency    | U.S.<br>dollars |
|-------------------|---------------------|-----------------|
| Australia .....   | Dollar .....        | \$0.791500      |
| Austria .....     | Schilling .....     | 0.093114        |
| Belgium .....     | Franc .....         | 0.031817        |
| Brazil .....      | Cruzado .....       | 0.978953        |
| Canada .....      | Dollar .....        | 0.733999        |
| China, P.R. ....  | Renminbi yuan ..... | 0.120024        |
| Denmark .....     | Krone .....         | 0.170736        |
| Finland .....     | Markka .....        | 0.218938        |
| France .....      | Franc .....         | 0.193405        |
| Germany .....     | Deutsche mark ..... | 0.655179        |
| Hong Kong .....   | Dollar .....        | 0.129333        |
| India .....       | Rupee .....         | 0.027894        |
| Iran .....        | Rial .....          | N/A             |
| Ireland .....     | Pound .....         | 1.600000        |
| Israel .....      | Shekel .....        | N/A             |
| Italy .....       | Lira .....          | 0.000657        |
| Japan .....       | Yen .....           | 0.008979        |
| Malaysia .....    | Dollar .....        | 0.399489        |
| Mexico .....      | Peso .....          | 0.132820        |
| Netherlands ..... | Guilder .....       | 0.583942        |

**FOREIGN CURRENCIES—Quarterly rates of exchange: October 1, 1996 through December 31, 1996 (continued):**

| Country                             | Name of currency       | U.S.<br>dollars |
|-------------------------------------|------------------------|-----------------|
| New Zealand . . . . .               | Dollar . . . . .       | \$0.699500      |
| Norway . . . . .                    | Krone . . . . .        | 0.153704        |
| Philippines . . . . .               | Peso . . . . .         | N/A             |
| Portugal . . . . .                  | Escudo . . . . .       | 0.006450        |
| Singapore . . . . .                 | Dollar . . . . .       | 0.709723        |
| South Africa, Republic of . . . . . | Rand . . . . .         | 0.220507        |
| Spain . . . . .                     | Peseta . . . . .       | 0.007780        |
| Sri Lanka . . . . .                 | Rupee . . . . .        | 0.017649        |
| Sweden . . . . .                    | Krona . . . . .        | 0.150864        |
| Switzerland . . . . .               | Franc . . . . .        | 0.797130        |
| Thailand . . . . .                  | Baht (tical) . . . . . | 0.039324        |
| United Kingdom . . . . .            | Pound . . . . .        | 1.564000        |
| Venezuela . . . . .                 | Bolivar . . . . .      | 0.002122        |

Dated: October 1, 1996.

FRANK CANTONE,  
*Chief,*  
*Customs Information Exchange.*



# U.S. Customs Service

## *General Notices*

### DATES AND DRAFT AGENDA OF THE EIGHTEENTH SESSION OF THE HARMONIZED SYSTEM COMMITTEE OF THE WORLD CUSTOMS ORGANIZATION

AGENCIES: U.S. Customs Service, Department of the Treasury, and U.S. International Trade Commission.

ACTION: Publication of the dates and draft agenda for the eighteenth session of the Harmonized System Committee of the World Customs Organization.

SUMMARY: This notice sets forth the dates and draft agenda for the next session of the Harmonized System Committee of the World Customs Organization.

DATE: September 23, 1996.

FOR FURTHER INFORMATION CONTACT: Myles B. Harmon, Director, International Agreements Staff, U.S. Customs Service (202-482-000) or Eugene A. Rosengarden, Director, Office of Tariff Affairs and Trade Agreements, U.S. International Trade Commission (202-205-2592).

### SUPPLEMENTARY INFORMATION:

#### BACKGROUND

The United States is a contracting party to the International Convention on the Harmonized Commodity Description and Coding System ("Harmonized System Convention"). The Harmonized Commodity Description and Coding System ("Harmonized System"), an international nomenclature system, forms the core of the U.S. tariff, the Harmonized Tariff Schedule of the United States. The Harmonized System Convention is under the jurisdiction of the World Customs Organization (established as the Customs Cooperation Council).

Article 6 of the Harmonized System Convention establishes a Harmonized System Committee ("HSC"). The HSC is composed of representatives from each of the contracting parties to the Harmonized System Convention. The HSC's responsibilities include issuing classification decisions on the interpretation of the Harmonized System.

Those decisions may take the form of published tariff classification opinions concerning the classification of an article under the Harmonized System or amendments to the Explanatory Notes to the Harmonized System. The HSC also considers amendments to the legal text of the Harmonized System. The HSC meets twice a year in Brussels, Belgium. The next session of the HSC will be its eighteenth, and it will be held from October 28, 1996 to November 8, 1996.

In accordance with section 1210 of the Omnibus Trade and Competitiveness Act of 1988 (Pub. L. 100-418), the Department of the Treasury, represented by the U.S. Customs Service, the Department of Commerce, represented by the Census Bureau, and the U.S. International Trade Commission ("ITC"), jointly represent the U.S. government at the sessions of the HSC. The Customs Service representative serves as the head of the delegation at the sessions of the HSC.

Set forth below is the draft agenda for the next session of the HSC. Copies of available agenda-item documents may be obtained from either the Customs Service or the ITC. Comments on agenda items may be directed to the above-listed individuals.

JOHN L. VALENTINE,  
(for Myles B. Harmon, Director,  
International Agreements Staff.)

[Attachment: Attachment A]

Attachment A  
40.376 E**DRAFT AGENDA FOR THE 18TH SESSION OF THE  
HARMONIZED SYSTEM COMMITTEE**

Monday, October 28 (10 a.m.) to Friday, November 8, 1996

N.B. Questions under Agenda Item VII will be examined first by the presessional Working Party (Wednesday, October 23 (10 a.m.) to Friday, October 25, 1996).

**I****ADOPTION OF THE AGENDA**

|                       |             |
|-----------------------|-------------|
| Draft Agenda .....    | Doc. 40.376 |
| Draft Timetable ..... | Doc. 40.377 |

**II****REPORT BY THE SECRETARIAT**

|  |                        |
|--|------------------------|
| 1. Position regarding Contracting Parties to the HS Convention and implementation of the 1996 amendments; acceptances of Recommendations; list of administrations applying an HS-based tariff or statistical nomenclature; list of HS-based tariffs and tariff or statistical nomenclatures available in the Secretariat ..... | Doc. 40.378            |
| 2. Report of the Policy Commission (35th Session) and decisions taken by the Council at its 87th/88th Sessions .....   | Doc. 40.379            |
| 3. Approval of decisions taken by the Harmonized System Committee at its 17th Session .....  | Docs. 40.374<br>40.556 |
| 4. Technical assistance activities of the Nomenclature and Classification Directorate .....  | Doc. 40.401            |
| 5. Progress report on the HS Commodity Data Base .....   | Doc. 40.402            |
| 6. Co-operation with other international organizations .....   | Doc. 40.403            |
| 7. Other   |                        |

**III****GENERAL QUESTIONS**

|  |             |
|--|-------------|
| 1. Creation of a database of HS documentation .....  | Doc. 40.404 |
| 2. Co-operation with the Technical Committee on Rules of Origin .....  | Doc. 40.405 |
| 3. Application of the Harmonized System in areas other than Customs tariffs and trade statistics .....             | Doc. 40.406 |
| 4. Project for improving classification work and related infrastructure ..   | Doc. 40.407 |
| 5. International co-operation for the development of audiovisual training materials on the Harmonized System ..... | Doc. 40.408 |
| 6. Stand-alone HS descriptors .....  | Doc. 40.409 |
| 7. Use of non-HS codes .....   | Doc. 40.410 |
| 8. Dispute settlement procedure and implementation of HSC classification decisions .....                           | Doc. 40.411 |
| 9. Timing of the next HS amendments .....  | Doc. 40.417 |
| 10. Other  |             |

**IV****REPORT OF THE SCIENTIFIC SUB-COMMITTEE**

|   |             |
|---|-------------|
| 1. Report of the 11th Session of the Scientific Sub-Committee .....       | Doc. 40.460 |
| 2. Conclusions of the Eleventh Session of the Scientific Sub-Committee .. | Doc. 40.412 |

## V

*REPORT OF THE HS REVIEW SUB-COMMITTEE*

|   |             |
|---|-------------|
| 1. Report of the 14th Session of the Harmonized System Review Sub-Committee ..... | Doc. 40.470 |
| 2. Matters for decision by the Harmonized System Committee .....                  | Doc. 40.413 |

## VI

*RECOMMENDATIONS RELATING TO THE HARMONIZED SYSTEM*

|  |             |
|--|-------------|
| 1. Draft Recommendation concerning the reporting of trade data to the UNSD ..... | Doc. 40.414 |
|--|-------------|

## VII

|   |             |
|---|-------------|
| <i>REPORT OF THE PRESESSIONAL WORKING PARTY</i> .....   | Doc. 40.590 |
| W.P. 1. Amendments to the Compendium of Classification Opinions arising from the classification of "Cheese Food—Bayernland" in subheading 0406.30 .....   | Doc. 40.415 |
| W.P. 2. Amendments to the Compendium of Classification Opinions arising from the classification of "Genser" modified salt in subheading 2106.90 .....   | Doc. 40.416 |
| W.P. 3. Amendments to the Compendium of Classification Opinions arising from the classification of "glycerol esters®" in subheading 2905.49 .....   | Doc. 40.375 |
| W.P. 4. Amendments to the Compendium of Classification Opinions arising from the classification of "RANFERON-12" in subheading 3004.50 .....  | Doc. 40.418 |
| W.P. 5. Amendments to the Compendium of Classification Opinions arising from the classification of certain products based on cultures of micro-organisms in subheading 3002.90 .....              | Doc. 40.419 |
| W.P. 6. Amendments to the Compendium of Classification Opinions arising from the classification of certain can sealing compounds in subheading 3214.10 .....                                      | Doc. 40.420 |
| W.P. 7. Amendments to the Explanatory Note to heading 33.02 .....   | Doc. 40.421 |
| W.P. 8. Amendments to the Explanatory Notes arising from the classification of lottery tickets in heading 49.11 .....   | Doc. 40.422 |
| W.P. 9. Amendments of the Explanatory Notes to headings 49.11 to include documents for identification purposes .....  | Doc. 40.423 |
| W.P. 10. Amendment of the Explanatory Notes to heading 49.11 to exclude printed cards with a magnetic stripe of incorporating an integrated circuit .....   | Doc. 40.424 |
| W.P. 11. Deleted.   |             |
| W.P. 12. Amendments to the Compendium of Classification Opinions arising from the classification of "Technol Post-op" shoes in Chapter 64 .....   | Doc. 40.426 |
| W.P. 13. Amendments to the Compendium of Classification Opinions and to the Explanatory Notes arising from the classification of certain magnesium carbon ("Mag C") bricks in heading 68.15 ..... | Doc. 40.427 |
| W.P. 14. Amendments to the Compendium of Classification Opinions arising from the classification of Buddhist altar fittings (Butsugu) in heading 83.06 .....                                      | Doc. 40.428 |
| W.P. 15. Amendments to the Compendium of Classification Opinions arising from the classification of "aerosol valves" .....  | Doc. 40.429 |
| W.P. 16. Amendments to the Compendium of Classification Opinions arising from the classification of CD-ROM drives in subheading 8471.70 .....   | Doc. 40.430 |
| W.P. 17. Amendments to the Compendium of Classification Opinions arising from the classification of the front part of a motor vehicle in subheading 8708.99 .....                                 | Doc. 40.432 |
| W.P. 18. Deleted.   |             |

**VIII**  
**FURTHER STUDIES**

|  |                                   |
|--|-----------------------------------|
| 1. Possible amendment to the Explanatory Notes to heading 04.06 to clarify the scope of processed cheese .....   | Doc. 40.468                       |
| 2. Classification of tropical fruit preserved by the addition of sugar and drying .....  | Doc. 40.451                       |
| 3. Classification of Konjac jelly powder ("Glucomannan PROPOL (R)") .....  | Doc. 40.442                       |
| 4. Possible new headings for "concentrated fruit juices" .....   | Doc. 40.438                       |
| 5. Possible amendment to the Nomenclature arising from the alignment of the English and French versions of subheading 2518.30 .....  | Doc. 40.434                       |
| 6. Possible amendments to Note 3 to Chapter 27 and to subheadings 2707.10, 2707.20 and 2707.30 .....   | Doc. 40.435                       |
| 7. Classification of "topped" crude oils used as refinery feedstocks .....   | Doc. 40.452                       |
| 8. Classification of products based on cultures of micro-organisms (Explanatory Note amendments) .....   | Doc. 40.443                       |
| 9. Classification of certain GEL preparation .....   | Doc. 40.462                       |
| 10. Classification of certain transdermic administration systems .....   | Doc. 40.455<br>40.561<br>40.626   |
| 11. Possible amendments to the structure of subheading 3206.4 .....  | Doc. 40.437                       |
| 12. Possible amendments to the Nomenclature concerning "Dental floss" .....  | Doc. 40.436                       |
| 13. Possible amendments to legal texts and Explanatory Notes to avoid problems in distinguishing between sheets obtained by slicing laminated wood and traditional veneer sheets ..... | Doc. 40.439                       |
| 14. Classification of "wood flooring strips" .....   | Doc. 40.457                       |
| 15. Proposed amendment of headings 49.07 and 97.04 and Note 1 (a) to Chapter 97 concerning unused postage, revenue or similar stamps .....   | Doc. 40.461                       |
| 16. Classification of physical vapour deposition (PVD) equipment (Reservation by the European Community) .....   | Doc. 40.545                       |
| 17. Possible amendment to the Explanatory Note to heading 70.13 arising from the classification of Buddhist altar fitting (Butsugu) .....  | Doc. 40.453                       |
| 18. Possible new Subheading Explanatory Note to subheadings 8414.51 and 8414.59 concerning fans .....  | Doc. 40.445                       |
| 19. Classification of industrial microwave ovens .....   | Doc. 40.441                       |
| 20. Classification of "pick-up" vehicles .....   | Docs. 40.454<br>40.625            |
| 21. Possible amendment to the Explanatory Notes arising from the classification of damaged motor vehicles in heading 87.03 and 87.08 .....   | Doc. 40.458                       |
| 22. Possible amendment of Chapter 95 concerning the classification of toys for pets .....  | Docs. 40.459<br>40.549<br>40.565  |
| 23. Scope of heading 48.02 (Reservation by the Brazilian Administration) .....   | Doc. 40.546                       |
| 24. Request by the ICAO for simplication of aircraft parts in the Harmonized System .....  | Doc. 40.456                       |
| 25. Interpretation of General Interpretative Rule 2(a) .....   | Docs. 40.447<br>40.584<br>40.585  |
| 26. Proposal by the Japanese Administration concerning heading 12.12 .....   | Doc. 40.557<br>40.154<br>(HSC/17) |
| 27. Classification of different elements of a satellite television reception apparatus (Reservation by the United States Administration) .....   | Doc. 40.547                       |
| 28. Alignment of the English and French versions of the Explanatory Note to heading 17.02 (Reservation by the Brazilian Administration) .....  | Docs. 40.548                      |
| 29. Clarification of the text of Note 3(c) to Chapter 56 .....   | Doc. 40.551                       |
| 30. Proposed Explanatory Note amendments concerning narcotic drugs, psychotropic substances and their precursors .....   | Doc. 40.622                       |

## IX

*NEW QUESTIONS*

|  |                                    |
|--|------------------------------------|
| 1. Densified wood .....  | Doc. 40.463                        |
| 2. Classification of "Bandag" pre-cured tread rubber .....   | Doc. 40.141<br>(HSC/17)            |
| 3. Possible amendments to the Explanatory Note to heading 59.06 .....  | Doc. 40.189<br>(HSC/17)            |
| 4. Classification of the various items of networking equipment .....   | Doc. 40.140<br>(HSC/17)            |
| 5. Classification of the "Media Composer 1000" system .....  | Doc. 40.179<br>(HSC/17)            |
| 6. Classification of the "PCTV" multimedia personal computer .....   | Doc. 40.186<br>(HSC/17)            |
| 7. Classification of the "FIRE 9000" and "FIRE 1000" laser photo-plotters .....                                    | Doc. 40.266<br>(HSC/17)            |
| 8. Classification of discs for laser reading systems .....   | Doc. 40.264<br>(HSC/17)            |
| 9. Classification of a hydrogen peroxide manufacturing plant .....   | Docs. 40.477<br>40.091<br>(HSC/17) |
| 10. Classification of the "ENW-9500 Fast Ethernet Adapter" .....   | Doc. 40.464                        |
| 11. Classification of "Children's Bible Book (Look, Listen, Read)" .....   | Doc. 40.465                        |
| 12. Possible amendment of the Explanatory Notes to heading 38.24 concerning salt for curing or salting .....       | Doc. 40.471                        |
| 13. Classification of flooring panels .....  | Doc. 40.475                        |
| 14. Amendments to the Explanatory Notes to correct shortcomings and to align the English and French versions ..... | Doc. 40.478                        |
| 15. Classification of premixes containing antibiotics .....  | Doc. 40.552                        |
| 16. Classification of a jack-up drilling rig "Deepsea Matdrill" .....  | Doc. 40.553                        |
| 17. Classification of "Mediamaster DVB 9500C" .....  | Doc. 40.554                        |
| 18. Classification of certain butterfat mixtures .....   | Docs. 40.555<br>40.629             |
| 19. Possible amendments to the Explanatory Note to heading 29.30 concerning N-substituted thiocarbamates .....     | Doc. 40.560                        |
| 20. Possible amendment of the Explanatory Note to heading 22.08 .....  | Doc. 40.559                        |
| 21. Proposed amendment of Subheading Note 2(A) to Harmonized System Section XI .....                               | Doc. 40.564                        |
| 22. Possible amendments to the Explanatory Notes concerning certain enzymes found in blood .....                   | Doc. 40.562                        |
| 23. Seat cover (Czech) .....   | Doc. 40.583                        |
| 24. Possible amendment of Note 1 (a) to Chapter 30 concerning the term "diabetic foods" .....                      | Doc. 40.609                        |
| 25. Classification of soluble coffee mixed with stevioside .....   | Doc. 40.607                        |
| 26. Classification of workmate workbenches .....   | Doc. 40.608                        |
| 27. Alignment of the English and French versions of the Explanatory Note to heading 70.13 .....                    | Doc. 40.623                        |
| 28. Possible amendment to Explanatory Note to heading 34.02 to clarify the classification of liquid soap .....     | Doc. 40.624                        |
| 29. Classification of uppers attached to soles other than outer soles .....  | Doc. 40.630                        |
| 30. Possible amendments to subheadings of heading 68.04 .....  | Doc. 40.635                        |
| 31. Possible alignment of the texts of headings 71.07, 71.09 and 71.71 .....                                       | Doc. 40.636                        |
| X  |                                    |
| <i>OTHER BUSINESS</i>  |                                    |
| List of questions which might be examined at a future session .....  | Doc. 40.467                        |

## XI

**ELECTIONS OF CHAIRMEN AND VICE-CHAIRMEN OF THE HARMONIZED  
SYSTEM COMMITTEE AND ITS WORKING PARTY AND OF THE HS REVIEW  
SUB-COMMITTEE**

## XII

*DATES OF THE NEXT SESSIONS*

**SCIENTIFIC SUB-COMMITTEE**

*12th Session*

Monday, January 20, 1997  
Friday, January 24, 1997

**HS REVIEW SUB-COMMITTEE**

*15th Session*

Monday, February 24, 1997  
Friday, February 28, 1997

**HARMONIZED SYSTEM COMMITTEE**

*Working Party*

Wednesday, April 2, 1997  
Friday, April 4, 1997

*19th Session*

Monday, April 7, 1997  
Friday, April 18, 1997

## LIST OF FOREIGN ENTITIES VIOLATING TEXTILE TRANSSHIPMENT AND COUNTRY OF ORIGIN RULES

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: General notice.

SUMMARY: This document notifies the public of foreign entities which have been issued a penalty claim under § 592 of the Tariff Act, for certain violations of the customs laws. This list is authorized to be published by § 333 of the Uruguay Round Agreements Act.

FOR FURTHER INFORMATION CONTACT: For information regarding any of the operational aspects, contact Michael Comeau, Branch Chief, Seizures and Penalties Division, at 202-927-0762. For information regarding any of the legal aspects, contact Ellen McClain, Office of Chief Counsel, at 202-927-6900.

### SUPPLEMENTARY INFORMATION

#### Background

Section 333 of the Uruguay Round Agreements Act (URAA)(Public Law 103-465, 108 Stat. 4809)(signed December 12, 1994), entitled Textile Transshipments, amended Part V of title IV of the Tariff Act of 1930 by creating a § 592A (19 U.S.C. 1592A), which authorizes the Secretary of the Treasury to publish in the Federal Register, on a biannual basis, a list of the names of any producers, manufacturers, suppliers, sellers, exporters, or other persons located outside the Customs territory of the United States, when these entities have been issued a penalty claim under § 592 of the Tariff Act, for certain violations of the customs laws, provided that certain conditions are satisfied.

The violations of the Customs laws referred to above are the following: (1) Using documentation, or providing documentation subsequently used by the importer of record, which indicates a false or fraudulent country of origin or source of textile or apparel products; (2) Using counterfeit visas, licenses, permits, bills of lading, or similar documentation, or providing counterfeit visas, licenses, permits, bills of lading, or similar documentation that is subsequently used by the importer of record, with respect to the entry into the customs territory of the United States of textile or apparel products; (3) Manufacturing, producing, supplying, or selling textile or apparel products which are falsely or fraudulently labeled as to country of origin or source; and (4) Engaging in practices which aid or abet the transshipment, through a country other than the country of origin, of textile or apparel products in a manner which conceals the true origin of the textile or apparel products or permits the evasion of quotas on, or voluntary restraint agreements with respect to, imports of textile or apparel products.

If a penalty claim has been issued with respect to any of the above violations, and no petition in response to the claim has been filed, the name of the party to whom the penalty claim was issued will appear on

the list. If a petition, supplemental petition or second supplemental petition for relief from the penalty claim is submitted under 19 U.S.C. 1618, in accord with the time periods established by §§ 171.32 and 171.33, Customs Regulations (19 CFR 171.32, 171.33) and the petition is subsequently denied or the penalty is mitigated, and no further petition, if allowed, is received within 30 days of the denial or allowance of mitigation, then the administrative action shall be deemed to be final and administrative remedies will be deemed to be exhausted. Consequently, the name of the party to whom the penalty claim was issued will appear on the list. However, provision is made for an appeal to the Secretary of the Treasury by the person named on the list, for the removal of its name from the list. If the Secretary finds that such person or entity has not committed any of the enumerated violations for a period of not less than 3 years after the date on which the person or entity's name was published, the name will be removed from the list as of the next publication of the list.

#### REASONABLE CARE REQUIRED

Section 592A also requires any importer of record entering, introducing, or attempting to introduce into the commerce of the United States textile or apparel products that were either directly or indirectly produced, manufactured, supplied, sold, exported, or transported by such named person to show, to the satisfaction of the Secretary, that such importer has exercised reasonable care to ensure that the textile or apparel products are accompanied by documentation, packaging, and labeling that are accurate as to its origin. Reliance solely upon information regarding the imported product from a person named on the list is clearly not the exercise of reasonable care. Thus, the textile and apparel importers who have some commercial relationship with one or more of the listed parties must exercise a degree of reasonable care in ensuring that the documentation covering the imported merchandise, as well as its packaging and labeling, is accurate as to the country of origin of the merchandise. This degree of reasonable care must rely on more than information supplied by the named party.

In meeting the reasonable care standard when importing textile or apparel products and when dealing with a party named on the list published pursuant to § 592A of the Tariff Act of 1930, an importer should consider the following questions in attempting to ensure that the documentation, packaging, and labeling is accurate as to the country of origin of the imported merchandise. The list of questions is not exhaustive but is illustrative.

- 1) Has the importer had a prior relationship with the named party?
- 2) Has the importer had any detentions and/or seizures of textile or apparel products that were directly or indirectly produced, supplied, or transported by the named party?
- 3) Has the importer visited the company's premises and ascertained that the company has the capacity to produce the merchandise?

- 4) Where a claim of substantial transformation is made, has the importer ascertained that the named party actually substantially transforms the merchandise?
- 5) Is the named party operating from the same country as is represented by that party on the documentation, packaging or labeling?
- 6) Have quotas for the imported merchandise closed or are they nearing closing from the main producer countries for this commodity?
- 7) What is the history of this country regarding this commodity?
- 8) Have you asked questions of your supplier regarding the origin of the product?
- 9) Where the importation is accompanied by a visa, permit, or license, has the importer verified with the supplier or manufacturer that the visa, permit, and/or license is both valid and accurate as to its origin? Has the importer scrutinized the visa, permit or license as to any irregularities that would call its authenticity into question?

The law authorizes a biannual publication of the names of the foreign entities. On March 29, 1996, Customs published a Notice in the Federal Register (61 FR 14204) which identified 8 (eight) entities which fell within the purview of § 592A of the Tariff Act of 1930.

#### 592A LIST

For the period ending September 30, 1996, Customs has identified 14 (fourteen) foreign entities that fall within the purview of § 592A of the Tariff Act of 1930. This list reflects the addition of 6 new entities to the 8 entities named on the list published on March 29, 1996. The parties on the current list were assessed a penalty claim under 19 U.S.C. 1592, for one or more of the four above-described violations. The administrative penalty action was concluded against the parties by one of the actions noted above as having terminated the administrative process.

The names and addresses of the 14 foreign parties which have been assessed penalties by Customs for violations of § 592 are listed below pursuant to § 592A. This list supersedes any previously published list. The names and addresses of the 14 foreign parties are as follows:

*Azmat Bangladesh*, Plot Number 22-23, Sector 2 EPZ, Chittagong 4233, Bangladesh.

*Bestraight Limited*, Room 5K, World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

*Cotton Breeze International*, 13/1578 Govindpuri, New Delhi, India.

*Hangzhou Tongda Textile Group*, Room 918, Hangzhou Mansion, No. 1 Wulin Square, Hangzhou, China.

*Hanin Garment Factory*, 31 Tai Yau Street, Kowloon, Hong Kong.

*Hip Hing Thread Company*, No. 10, 6/F Building A, 221 Texaco Road, Waikai Industrial Centre, Tsuen Wan, N.T. Hong Kong.

*Hyattex Industrial Company*, 3F, No. 207-4 Hsin Shu Road, Hsin Chuang City, Taipei Hsien, Taiwan.

*Li Xing Garment Company Limited*, 2/F Long Guang Building, Number 2 Manufacturing District, Sanxiang Town, Zhongshan, Guangdong, China.

*Meigao Jamaica Company Limited*, 134 Pineapple Ave., Kingston, Jamaica.

*Meiya Garment Manufacturers Limited*, No. 2 Building, 3/F, Shantou Special Economic Zone, Shantou, China.

*Poshak International*, H-83 South Extension, Part-I (Back Side), New Delhi, India.

*Topstyle Limited*, 6/F, South Block, Kwai Shun Industrial Center, 51-63 Container Port Road, Kwai Chung, New Territories, Hong Kong.

*United Fashions*, C-7 Rajouri Garden, New Delhi, India.

*Yunnan Provincial Textiles Import & Export*, 576 Beijing Road Kunming, Yun Nan, China.

Any of the above parties may petition to have its name removed from the list. Such petitions, to include any documentation that the petitioner deems pertinent to the petition, should be forwarded to the Assistant Commissioner, Office of Field Operations, United States Customs Service, 1301 Constitution Avenue, Washington, D.C. 20229.

#### ADDITIONAL FOREIGN ENTITIES

In the March 1996 Federal Register notice, Customs also solicited information regarding the whereabouts of 37 foreign entities, which were identified by name and known address, concerning alleged violations of § 592. Persons with knowledge of the whereabouts of those 37 entities were requested to contact the Assistant Commissioner, Office of Field Operations, United States Customs Service, 1301 Constitution Avenue, Washington, D.C. 20229.

In this document, a new list is being published which contains the names and last known addresses of 38 entities. This reflects the addition of one new entity to the list.

Customs is soliciting information regarding the whereabouts of the following 38 foreign entities concerning alleged violations of § 592. Their names and last known addresses are listed below:

*Bahadur International*, 250 Naraw Industrial Area, New Delhi, India.

*Madan Exports*, E-106 Krishna Nagar, New Delhi, India.

*Gulnar Fashion Export*, 14 Hari Nagar, Ashram, New Delhi, India.

*Janardhan Exports*, E-106 Krishna Nagar, New Delhi, India.

*Morrin International*, E-106 Krishna Nagar, New Delhi, India.

*Jai Arjun Mfg. Co.*, B 4/40 Paschim Vihar, New Delhi, India.

*Eroz Fashions*, 535 Tuglakabad Extension, New Delhi, India.

*China Artex Corp.* Beijing Arts, 132-16 Changan Avenue, Beijing, China.

*Shenzhen Long Gang Ji Chuen*, Shenzhen, Long Gang Zhen, China.

*Traffic*, D1/180 Lajpat Nagar, New Delhi, India.

*Raj Connections*, E-106 Krishna Nagar, Delhi, India.

*Bao An Wing Shing Garment Factory*, Ado Shi Qu, Bao An Shen Zhen, China.

*Guidetex Garment Factory*, 12 Qian Jin Dong Jie, Yao Tai Xian Yuan Li, Canton, China.

*Dechang Garment Factory*, Shantou S.E.Z., Cheng Hai, Cheng Shing, China.

*Guangdong Provincial Improved*, 60 Ren Min Road, Guangdong, China.

*Kin Cheong Garment Factory*, No. 13 Shantan Street, Sikou Country, Taishan, Kwangtung, China.

*Gold Tube Ltd.*, No. 55 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

*Sam Hing Bags Factory, Ltd.*, #35 Tai Ping West Road, Jiu Jaing, Ghangdong, China.

*Luen Kong Handbag Factory*, 33 Nanyuan Road, Shenzhen, Guangdong, China.

*Changping High Stage Knitting*, Yuan Jing Yuan, Chau Li Qu Chang, Guangdong, China.

*Arsian Company Ltd.*, XII Khorcolo, Waanbaatar, Mongolia.

*Kin Fung Knitting Factory*, Block A&B, 4th Flr Por Mee Bldg., 500 Castle Peak Rd., Kowloon, Hong Kong.

*Cahaya Suria Sdn Bhd*, Lot 5, Jalan 3, Kedah, Malaysia.

*Crown Garments Factory Sdn Bhd*, Lot 112, Jalan Kencana, Bagan Ajam, Malaysia.

*Glee Dragon Garment Mfg.. Ltd.*, 328 Castle Peak Rd., Room G 10Fl, Tsuen Kam Centre, Kowloon, Hong Kong.

*Richman Garment Manufacturing Co., Ltd.*, 7th Fl, Singapore Industrial Bldg., 338 Kwun Tong Road, Kowloon, Hong Kong.

*Herrel Company*, 64 Rowell Road, Suva, Fiji.

*Belwear Co., Ltd.*, Flat C, 3rd Floor, Yuk Yat Street, Kowloon, Hong Kong.

*Hambridge Ltd.*, 9 Fl., Lladro Building 72-80, Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

*Kingston Garment Ltd.*, Lot 42-44 Caracas Dr., Kingston, Jamaica.

*Moderntex International Inc.*, 3941, Kowloon, Hong Kong.

*Poltex Sdn*, 8 Jalan Serdang, Kedah, Malaysia.

*Sam Hing International Enterprise*, 5 Guernsey St., Guilford NSW, Australia.

*Societe Prospere De Vetements S.A.*, Lome, Togo.

*Confecciones Kalinda S.A.*, Zona Franca, Los Alcarrizos, Santo Domingo, Dominican Republic.

*Royal Mandarin Knitworks Co.*, Flat C 21/F, So Tau Centre, 11-15 Sau Road, Kwai Chung, N.T., Hong Kong.

*Wong's International*, Nairamdilyn 26, Ulaanbaatar 11, Naaun, Mongolia.

*Lin Fashions S.A.*, Lot 111, San Pedro de Macoris, Dominican Republic.

If you have any information as to a correct mailing address for any of the above 38 firms, please send that information to the Assistant Com-

missioner, Office of Field Operations, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229.

Dated: September 27, 1996.

A. W. TENNANT,  
*Acting Assistant Commissioner,*  
*Office of Field Operations.*

[Published in the Federal Register October 2, 1996 (61 FR 51492)]



# U.S. Customs Service

## *Proposed Rulemaking*

19 CFR Part 10

RIN 1515-AB79

### USE OF CONTAINERS DESIGNATED AS INSTRUMENTS OF INTERNATIONAL TRAFFIC IN POINT-TO-POINT LOCAL TRAFFIC

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Proposed rule.

**SUMMARY:** This document proposes to amend the Customs Regulations to provide that certain containers which are designated as instruments of international traffic are deemed to remain in international traffic provided they exit the United States within 365 days of the date on which they are admitted to the U.S. For the importing community as well as Customs, this proposal would greatly simplify the treatment of containers for Customs purposes regardless of their use in domestic commerce.

**DATE:** Comments must be received on or before December 3, 1996.

**ADDRESSES:** Written comments (preferably in triplicate) must be submitted to the U.S. Customs Service, ATTN: Regulations Branch, Franklin Court, 1301 Constitution Avenue, NW, Washington, D.C. 20229, and may be inspected at the Regulations Branch, 1099 14th Street, NW, Suite 4000, Washington, D.C.

#### FOR FURTHER INFORMATION CONTACT:

*Legal aspects:* Glen E. Vereb, Entry and Carrier Rulings Branch, (202-482-6940).

*Operational aspects:* Eileen A. Kastava, Cargo Control, (202-927-0983).

#### SUPPLEMENTARY INFORMATION:

##### BACKGROUND

Section 141.4, Customs Regulations (19 CFR 141.4), provides that all merchandise imported into the United States is required to be entered,

unless specifically exempted. Section 141.4(b)(3) provides an exception for instruments of international traffic as described, and under the conditions provided for, in § 10.41a, Customs Regulations (19 CFR 10.41a).

Pursuant to 19 U.S.C. 1322, vehicles and other instruments of international traffic shall be excepted from the application of the Customs laws to such extent and subject to such terms and conditions as may be prescribed in regulations or instructions of the Secretary of the Treasury.

The Customs Regulations issued under the authority of 19 U.S.C. 1322 are contained in § 10.41a. Section 10.41a(a)(1) designates as instruments of international traffic lift vans, cargo vans, shipping tanks, skids, pallets, caulk boards, and cores for textile fabrics in use or to be used in the shipment of merchandise in international traffic.

Section 10.41a(a)(1) also authorizes the Commissioner of Customs to designate as instruments of international traffic such additional articles or classes of articles as he shall find should be so designated. Instruments so designated may be released without entry or the payment of duty, subject to the provisions of § 10.41a. Instruments so designated are also stated to be duty-free in subheading 9803.00.50, Harmonized Tariff Schedule of the United States.

Section 10.41a(d) provides that if an instrument of foreign origin which has been increased in value or improved in condition by a process of manufacture or other means while abroad is released under § 10.41a and is subsequently diverted to point-to-point local traffic within the United States, or is otherwise withdrawn from its use as an instrument of international traffic, it becomes subject to entry and the payment of any applicable duties.

Nevertheless, § 10.41a(f) states in effect that, except for the application of the coastwise trade laws (see § 4.93, Customs Regulations (19 CFR 4.93)), no part of § 10.41a precludes (1) the use of an instrument in picking up and delivering loads at intervening points in the United States while en route between the port of arrival and the port of destination of its imported cargo, (2) the use of an instrument while en route from such point of destination of imported cargo to a point where export cargo is to be loaded or to an exterior port of departure by a reasonably direct route to, or nearer to, the place of such loading or departure, or (3) the use of a "container" as defined in the Customs Convention on Containers (together with its normal accessories and equipment if imported therewith), when such container arrives empty while en route between the port of arrival and a point where export cargo is to be loaded or from that point to an exterior port of departure by a reasonably direct route to, or nearer to, the place of such loading or departure, provided that such point-to-point traffic is incidental to the efficient and economical utilization of the instrument in the course of its use in international traffic.

Section 10.41a(f) also makes clear that none of the uses enumerated above constitutes a diversion to unpermitted point-to-point local traffic within the United States or a withdrawal of an instrument from its use as an instrument of international traffic.

It is proposed to amend § 10.41a(f) so as to apply only to instruments of international traffic other than containers as defined in the Customs Convention on Containers. Permitted domestic traffic in containers which are instruments of international traffic would be addressed in a proposed new § 10.41a(g). Current paragraphs (g), (h) and (i) of § 10.41a would be redesignated as paragraphs (h), (i) and (j), respectively.

The proposed new paragraph (g) of § 10.41a would provide that containers, as defined in Article 1 of the Customs Convention on Containers (1972), are deemed to remain in international traffic provided they exit the U.S. within 365 days of the date on which they are admitted to the U.S. This would be so regardless of the fact that the containers may engage in point-to-point local traffic within the United States. An exit from the U.S., for purposes of this provision, would be defined as a movement across the border of the United States into a foreign country where either:

- (1) All merchandise is unladen from the instrument of international traffic; or
- (2) Merchandise is laden aboard the instrument of international traffic (if the instrument of international traffic is empty).

Furthermore, the person who filed the application for release under § 10.41a(a)(1) would be responsible for keeping and maintaining such records as would be necessary to establish the international movements of the instruments of international traffic. Such records would be required to be made available for inspection by Customs officials.

Should the container not exit the U.S. within 365 days of the date on which it was admitted under § 10.41a, it would be considered to have been removed from international traffic and entry for consumption would have to be made within 10 business days after the end of the month in which the container was deemed removed from international traffic.

Should entry be required under § 10.41a, all containers removed from international traffic in the same month could be listed on one entry. The entry could be made at any port of entry. Customs may waive the invoice requirement at the time of entry and may use the value of the instrument as carried on the books of the person making entry.

Thus, in brief, the key change contained in this proposal is to allow a container (as defined in Article 1 of the Customs Convention on Containers) to engage in point-to-point domestic traffic provided that such container exits the U.S. within 365 days of the date on which it was admitted to the United States under § 10.41a. This proposal would simplify the Customs treatment of containers for both the public and Customs

in that the more difficult-to-apply requirements set forth in § 10.41a(f) would no longer apply to containers.

Containers specially designed and equipped for carriage by one or more modes of transport are duty-free under subheading 8609.00.00, Harmonized Tariff Schedule of the United States. Therefore, Customs expects little or no loss of revenue to the Government under this proposal.

It is noted that the amendments proposed herein are principally the result of written requests submitted by counsel on behalf of certain carrier, leasing, shipping and container companies, and a meeting occurring between the companies' representatives, their counsel and Customs officials.

#### COMMENTS

Before adopting the proposed amendments, consideration will be given to any written comments that are timely submitted to Customs. Comments submitted will be available for public inspection in accordance with the Freedom of Information Act (5 U.S.C. 552), § 1.4, Treasury Department Regulations (31 CFR 1.4), and § 103.11(b), Customs Regulations (19 CFR 103.11(b)), on regular business days between the hours of 9:00 a.m. and 4:30 p.m. at the Regulations Branch, Franklin Court, 1099 14th Street, NW, Suite 4000, Washington, D.C.

#### REGULATORY FLEXIBILITY ACT AND EXECUTIVE ORDER 12866

As explained in the preamble, the proposed amendments would simplify the Customs treatment of containers for the importing public in that the more difficult-to-apply requirements set forth in § 10.41a(f) would no longer apply to containers. As such, pursuant to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), it is certified that, if adopted, the proposed amendments will not have a significant economic impact on a substantial number of small entities. Accordingly, the proposed amendments are not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 or 604, nor would they result in a "significant regulatory action" under E.O. 12866.

#### LIST OF SUBJECTS IN 19 CFR PART 10

Alterations, Bonds, Customs duties and inspection, Exports, Imports, Preference programs, Repairs, Reporting and recordkeeping requirements, Trade agreements.

#### PROPOSED AMENDMENTS

It is proposed to amend part 10, Customs Regulations (19 CFR part 10), as set forth below.

#### PART 10—ARTICLES CONDITIONALLY FREE, SUBJECT TO A REDUCED RATE, ETC.

1. The general authority for part 10 would be revised, and the specific authority for § 10.41a would continue, to read as follows:

**Authority:** 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States (HTSUS)), 1321, 1481, 1484, 1498, 1508, 1623, 1624, 3314;

\* \* \* \* \*

Sections 10.41, 10.41a, 10.107 also issued under 19 U.S.C. 1322;

\* \* \* \* \*

2. It is proposed to amend § 10.41a by revising paragraph (f) to read as follows; by redesignating paragraphs (g), (h) and (i), as (h), (i) and (j), respectively; and adding a new paragraph (g) to read as follows:

**§ 10.41a Lift vans, cargo vans, shipping tanks, skids, pallets, and similar instruments of international traffic; repair components.**

\* \* \* \* \*

(f)(1) Except as provided in paragraph (j) of this section, an instrument of international traffic may be used as follows in point-to-point traffic, provided such traffic is incidental to the efficient and economical utilization of the instrument in the course of its use in international traffic:

(i) Picking up and delivering loads at intervening points in the United States while en route between the port of arrival and the point of destination of its imported cargo; or

(ii) Picking up and delivering loads at intervening points in the United States while en route from the point of destination of imported cargo to a point where export cargo is to be loaded or to an exterior port of departure by a reasonably direct route to, or nearer to, the place of such loading or departure.

(2) Neither use as enumerated in paragraph (f)(1)(i) or (ii) of this section constitutes a diversion to unpermitted point-to-point local traffic within the United States or a withdrawal of an instrument in the United States from its use as an instrument of international traffic under this section.

(g)(1) Except as provided in paragraph (j) of this section, a container (as defined in Article 1 of the Customs Convention on Containers) which is designated as an instrument of international traffic is deemed to remain in international traffic provided that the container exits the U.S. within 365 days of the date on which it was admitted under this section. An exit from the U.S. in this context means a movement across the border of the United States into a foreign country where either:

(i) All merchandise is unladen from the container; or

(ii) Merchandise is laden aboard the container (if the container is empty).

(2) The person who filed the application for release under paragraph (a)(1) of this section is responsible for keeping and maintaining such records as may be necessary to establish the international movements of the containers. Such records shall be made available for inspection by Customs officials upon reasonable notice.

(3) If the container does not exit the U.S. within 365 days of the date on which it is admitted under this section, such container shall be considered to have been removed from international traffic, and entry for consumption must be made within 10 business days after the end of the month in which the container is deemed removed from international traffic. When entry is required under this section, any containers considered removed from international traffic in the same month may be listed on one entry. Such entry may be made at any port of entry. Customs may waive the invoice requirement at the time of entry and may use the value of the container as carried on the books of the person making entry.

\* \* \* \* \*

GEORGE J. WEISE,  
*Commissioner of Customs.*

Approved: February 29, 1996.

DENNIS M. O'CONNELL,

*Acting Deputy Assistant Secretary of the Treasury.*

[Published in the Federal Register, October 4, 1996 (60 FR 51849)]

# Index

*Customs Bulletin and Decisions*  
Vol. 30, No. 42, October 16, 1996

## *U.S. Customs Service*

### Treasury Decisions

|   | T.D. No. | Page |
|---|----------|------|
| Customs field organization; Technical corrections of listing<br>of three Texas ports of entry ..... | 96-68    | 1    |
| Foreign currencies  |          |      |
| Daily rates for countries not on quarterly list for<br>September 1996 .....                         | 96-70    | 4    |
| Quarterly rates of Exchange: October 1 through Decem-<br>ber 31, 1996 .....                         | 96-72    | 6    |

### General Notices

|  | Page |
|--|------|
| Dates and draft agenda of 18th session of Harmonized System Com-<br>mittee of the World Customs Organization ..... | 9    |
| List of foreign entities violating textile transshipment and country-of-<br>origin rules .....                     | 16   |

### Proposed Rulemaking

|   | Page |
|---|------|
| Use of containers designated as instruments of international traffic in<br>point-to-point local traffic ..... | 23   |



Federal Recycling Program  
Printed on Recycled Paper

U.S. G.P.O. 1996-417-405-40006



